

WASHINGTON – U.S. Representatives Mark Kirk (R-Ill.), Carolyn McCarthy (D-N.Y.), Chris Shays (R-Conn.), and Mike Castle (R-Del.) joined with New York Mayor Michael Bloomberg today announcing bipartisan legislation to close a loophole in the nation’s gun background check system. H.R. 6664 closes the “fire sale” loophole that allows gun dealers to sell off their inventory without background checks if their firearm distribution license is revoked. The measure is one of four common-sense proposals outlined by the Mayors Against Illegal Guns coalition before a hearing of the Congressional Task Force on Illegal Guns last April. Mayors Against Illegal Guns, co-chaired by Mayor Bloomberg and Boston Mayor Thomas M. Menino, comprises 320 mayors representing more than 55 million Americans.

Under current law, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) issues federal firearms licenses (FFLs) to qualifying gun dealers, which are required to conduct background checks on potential buyers. A license may be revoked if a dealer willfully violates the law or engages in criminal activity. But due to the fire sale loophole, after a license is revoked the dealer may legally sell excess inventory as a “private seller” without conducting any background checks. According to ATF data, approximately 100 FFLs were revoked out of the 109,000 active licenses throughout the country in 2007. Since 2000, ATF revoked approximately 890 FFLs.

“If a gun dealer loses its federal firearms license, we should be more vigilant about the connection to criminal activity – not turn a blind eye and open a floodgate of guns on our streets,” said Congressman Mark Kirk, co-chair of the Congressional Task Force on Illegal Guns. “We should not give a pass those who would arm violent gang members and threaten the safety of our communities. In the northern suburbs of Illinois, there are now more than 2,000 documented drug gang members. Through ATF trace data, we clearly see a relationship between these gangs and certain gun shops. By closing the fire sale loophole, we’ll prevent those gun dealers who flaunt our laws from arming violent drug gangs that threaten the safety of law enforcement and our communities. I’m honored to have the backing of Mayors Bloomberg and Menino and the Mayors Against Illegal Guns coalition for this vitally important common-sense legislation.”

“Public schools do not hire sex offenders as teachers, and pharmacies do not hire drug dealing felons as pharmacists, yet under current law gun dealers don’t need to do a background check to see if their employees are felons,” said Mayor Bloomberg. “At the same time, pharmacists who lose their licenses can’t sell prescription drugs to people without prescriptions, yet gun dealers who lose their licenses can sell off their inventory – without even conducting background checks. Thanks to Representatives McCarthy and Kirk, there are now bills introduced in Congress to fix these problems, as well as two other glaring gaps in the federal

background check system identified by our coalition of Mayors Against Illegal Guns.”

One of the most alarming examples of the fire sale loophole is the case of Valley Gun Shop in Parkville, Md. Valley Gun was linked to 483 crime gun traces from 1996 and 2000, and had more than 900 violations of federal gun laws filed against the store. The dealer also could not account for hundreds of missing assault weapons, pistols and shotguns. Reflecting these facts, the ATF revoked Valley Gun’s FFL in 2005. However, due to the fire sale loophole the dealer legally offered for sale the remaining inventory of more than 700 guns – all without criminal background checks.

A similar situation occurred in suburban Chicagoland this summer. Ugur “Mike” Yildiz of Park Ridge lost the FFL for Franklin Park-based Chicagoland Bells gun shop in September 2005. After the license revocation, Yildiz transferred ownership of the remaining 207 firearms into his name. Since June 2006, Canadian law enforcement traced approximately 80 weapons registered to Mr. Yildiz, many discovered in the execution of search warrants in connection with drug and violent crime investigations. Fifteen guns registered to Yildiz also were found in a dumpster in the Detroit area. The U.S. Attorney charged Yildiz in June with violations of the Arms Export Control Act for illegally transporting weapons to Ontario. Under current law, it is illegal to export weapons internationally without a license from the State Department, but completely legal to sell guns domestically without criminal background checks under the fire sale exemption.

The three other recommendations of Mayors Against Illegal Guns include:

- 1) Closing the “gun-show loophole,” which allows criminals to avoid background checks at gun shows by purchasing guns from unlicensed sellers (HR 96);
- 2) Closing the “Terror Gap” to prevent individuals on terror watch lists from purchasing firearms (HR 2074);
- 3) Conducting background checks on all employees at gun retailers that handle firearms (H.R. 6676).

More information on the coalition is available at <http://mayorsagainstillegalguns.org/html/home/home.shtml> . The full bill text is below.

H. R. 6664

IN THE HOUSE OF REPRESENTATIVES

A BILL

To amend chapter 44 of title 18, United States Code, to impose limitations on the transfer of firearms by a person who has received official notice of the revocation of the Federal firearms dealer license of the person, or of the denial of the application of the person to renew such a license.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. LIMITATIONS ON TRANSFER OF FIREARMS BY PERSON WHO HAS RECEIVED OFFICIAL NOTICE OF THE REVOCATION OF THE FEDERAL FIREARMS DEALER LICENSE OF THE PERSON, OR OF THE DENIAL OF THE APPLICATION OF THE PERSON TO RENEW SUCH A LICENSE.

(a) IN GENERAL.—

(1) LIMITATION.—Section 922 of title 18, United States Code, is amended by adding at the end the following:

“(aa)(1)(A) It shall be unlawful for a person who has been notified by the Attorney General that the license issued to the person under this chapter to deal in firearms has been revoked, or that the application of the person to renew such a license has been denied, to transfer a firearm from the business inventory of the person into a personal collection of—

“(i) the person;

“(ii) an individual described in section 923(d)(1)(B) with respect to the person; or “(iii) an employee of the person.

“(B) It shall be unlawful for a person, individual, or employee referred to in subparagraph (A) to transfer, on and after the effective date of the revocation or denial (as the case may be) referred to in subparagraph (A), a fire-arm that had been in the business inventory of the person referred to in subparagraph (A), except to a person licensed under this chapter.

“(2) Paragraph (1) shall not apply with respect to a license revocation or denial determination which has been reversed.”.

(2) CONFORMING AMENDMENT.—Section 923(c) of such title is amended in the 2nd sentence by inserting “section 922(aa) and to” after “subject only to”.

(b) INCLUSION IN LICENSE REVOCATION NOTICE OF PROVISIONS OF LAW PROHIBITING DEALING IN FIREARMS WITHOUT A FEDERAL FIREARMS LICENSE AND LIMITING TRANSFER OF FIREARMS BY PERSON WHO HAS RECEIVED OFFICIAL NOTICE OF THE REVOCATION OF THE FEDERAL FIREARMS DEALER LICENSE OF THE PERSON.—Section 923(f)(1) of such title is amended in the last sentence by inserting “, and shall set forth the provisions of Federal law and regulation which prohibit a person not licensed under this chapter from engaging in the business of dealing in firearms or are relevant in determining whether a person is doing so, and the provisions of section 922(aa)” before the period.